Report Number : ICRR0021289

1. Project Data

Project ID	Project Name
P121673	SOC ASST SYST MOD-Results
Country	**Practice Area(Lead)**
Romania	Social Protection & Labor

L/C/TF Number(s)	Closing Date (Original)	Total Project Cost (USD)
IBRD-80560	30-Sep-2014	467,746,812.05
Bank Approval Date	**Closing Date (Actual)**	
26-May-2011	31-Dec-2017	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	710,400,000.00	0.00
Revised Commitment	526,916,296.62	0.00
Actual	467,746,812.05	0.00

Prepared by	Reviewed by	ICR Review Coordinator	Group
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2. Project Objectives and Components

a. Objectives

According to the Project Appraisal Document (PAD, p. 13) and the Financing Agreement of July 8, 2011 (p. 5), the Project Development Objective (PDO) was “to improve the overall performance of Romania’s social assistance system by strengthening performance management, improving equity, improving administrative efficiency and reducing error and fraud."

During a September 2016 restructuring, the PDO was revised: "to improve the overall performance of Romania's social assistance system by strengthening performance management, putting in place sufficient conditions to improve equity, improving administrative efficiency and building systems that contribute to reducing error and fraud."

b. Were the project objectives/key associated outcome targets revised during implementation?

Yes

Did the Board approve the revised objectives/key associated outcome targets?

Yes

Date of Board Approval

26-Sep-2016

c. Will a split evaluation be undertaken?

Yes

d. Components

The project focused on four results areas:

Strengthened Performance Management (appraisal estimate US$92.71 million, actual US$60.69 million): This results area was to finance the implementation of Romania's social assistance reform following a results-oriented strategy and action plan and was to be supported by a performance-management Monitoring and Evaluation (M&E) system.

Improved Equity (appraisal estimate US$123.61 million, actual US$119.16 million): This results area was to ensure that social assistance funds would be targeted to the poorest quintile through the development of a single, well-targeted, consolidated program for low-income households with incentives for labor market participation: the Minimum Income Inclusion Program (VMI).

Improved Administrative Efficiency (appraisal estimate US$154.51 million, actual US$50.21 million): This results area was to finance the simplification and harmonization of application procedures and criteria through developing a single application and single point services, harmonizing means-testing rules, specifying disability assessment procedures, and strengthening the institutional framework for disability pensions and benefits.

Reduced Error and Fraud (appraisal estimate US$247.22 million, actual US$285.96 million): This results area was to finance the strengthening of the information system, oversight, and control procedures for programs for low-income households, disability benefits, and family policy programs through detection of error and fraud using risk-based investigation, data matching, data quality audits, and consolidated beneficiary registries.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project Cost: The project was estimated to cost US$710.4 million. Actual cost was US$467.7 million, lower than estimated due to political resistance to implementing several aspects of the project.

Financing: The project was to be financed through a US$710.4 million loan by the International Bank for Reconstruction and Development, of which US$467.7 million was disbursed.

Borrower Contribution: The Borrower was not to make any contribution.

Dates: The project was restructured four times:

- **June 13, 2013**: i) make changes to disbursement linked indicators (DLIs); and ii) extend the closing date by 23 months from September 30, 2014 to August 30, 2016 due to the sizeable number of consecutive reforms being undertaken and the complex technical assistance critical for their achievement.
- **March 2, 2015**: i) extend the closing date by 16 months from August 30, 2016 to December 31, 2017 to allow for the implementation of activities that had been delayed due to frequent changes in the counterpart ministry and delays in contracting some of the technical assistance; ii) add a new component for technical assistance (€13 million) to support achievement of the remaining DLIs; iii) make changes in financial management and procurement due to the addition of the new component; and iv) adapt the implementation schedule.
- **September 26, 2016**: i) modify the PDO to reduce the project's scope, as the implementation of the original activities was no longer feasible due to several implementation delays; ii) revise two results-based components to better reflect the results achieved; iii) redefine six of the ten still-undisbursed DLIs; and (iv) expand the scope of the added technical assistance/investment component to support key elements of the government reform agenda, particularly those related to the disability policy and programs, error, and fraud.
- **June 2, 2017**: i) adjust the Results Framework to reflect the cancellation of three DLIs; ii) cancel undisbursed funds in the amount of €65 million; and iii) reallocate some funds between disbursement categories.

3. Relevance of Objectives

Rationale

At the time of project appraisal, Romania was recovering from the global financial and economic crisis by which it was hit hard. The Gross Domestic Product (GDP) growth rate sharply declined from 8.46% in 2008 to -7.07% in 2009, resulting in a budget revenue decrease and an increase in the fiscal deficit to 7.4% of GDP in 2009. Given the tight fiscal situation, the government decided to reform its social assistance system, which had been characterized as expensive, complex, fragmented, ineffective, and inefficient. Furthermore, the social assistance system did not have a comprehensive Management Information System (MIS) to monitor all social assistance programs, resulting in high levels of error, fraud, and inefficiencies.

The objective of the project supported the government's Social Assistance Reform Strategy (2011-2013) that aimed to consolidate the number of benefit programs, increase equity and proactivity, simplify the administration of the system, set clear program objectives, and monitor results. The objective of the project also supported the government's National Strategy on Social Inclusion and Poverty Reduction (2015-2020), which aims to include vulnerable groups and lift 580,000 people out of poverty.

The objective of the project was in line with the Bank's Country Partnership Strategy (CPS, FY2010-2013), which focused on promoting social and geographical inclusion and supporting the government in responding to the economic crisis by decreasing assistance programs that do not target people in need. The project also supported the Bank's most recent CPS (FY 2014-2018), which aims to "help reduce poverty and foster sustainable income growth for the bottom 40 percent."

However, it was a minor shortcoming that the PDO was overly ambitious and complex, resulting in implementation difficulties.

Rating
Substantial

4. Achievement of Objectives (Efficacy)

Objective 1
Objective

Strengthening performance management

Rationale

The project's overall theory of change linked improving the performance management of the system, implementing reforms to improve the poverty targeting of existing social benefits, and improving administrative efficiency while also reducing error, fraud, and corruption to decreasing the fiscal cost of the social assistance programs and reducing poverty.

Outputs

- One performance monitoring report was produced for each means-tested program per quarter, achieving the target. The ICR (p. 8) stated that, based on these reports, the Ministry of Labor, Family and Social Protection (MoLFSP, changed toward the end of the project period to the Ministry of Labor and Social Justice) conducted analyses to improve policies, legislation and daily operations. Furthermore, since 2016 the National Agency for Social Benefits and Inspection (NASBI, formerly the National Agency for Social Benefits) has been conducting monthly performance reviews with county agencies, social inspectorates and municipalities fostering information exchange from the local to the central level and vice versa, allowing for more efficient implementation of policy changes. According to the ICR (p. 9), the implementation of this new system resulted in faster policy changes to the child raising benefit (CRB) and adaptation of the benefit when demand was getting too high for the given budget.

Outcomes

- An Action Plan for improving performance of the system for the Social Assistance Strategy was disseminated by the MoLFSP, achieving DLI 1.
- Three monthly monitoring reports for four programs (family allowance, child raising benefits, guaranteed minimum income, and state child allowance) are being produced by NASBI, achieving DLI 2.
- However, a performance monitoring system -- which was to include performance management indicators and data sources, a standard format for performance management reports, and feedback procedures -- for the means-tested programs has not been implemented, not achieving the main outcome indicator related to this objective.

Rating
Modest

Objective 2
Objective

Improving equity

Rationale

Outputs

- VMI legislation was passed in 2016, achieving a major milestone. Implementation was scheduled to begin in April 2018. In the fall of 2017, however, the government decided to delay implementation until April 2019 due to budget and readiness constraints. Institutional arrangements to sustain the VMI program were not improved, not achieving the target of DLI 6a. Targeting and coverage of the poor was therefore not improved, not achieving the target of DLI 6b.
- In 2011, as part of the preparation of this project, the CRB was significantly reformed by reducing the benefit amount. However, most of the CRB reform was eventually reversed. The benefit cap was removed in 2016, and the income replacement rate was increased back to 85% from 75% in 2013.
- The back-to-work bonus to incentivize transitions back to the labor market was significantly increased from RON 100 in 2010 to RON 650 in 2017.
- Legislation to consolidate programs for low-income households through improved targeting formulas and increased average benefits was not put in place, not achieving the target.
- In 2010, a comprehensive asset filter was added to the Heating Benefit Program income test to establish benefit eligibility. In 2015, the asset filter was refined to ensure that those in need were not excluded from receiving the benefit.
- In 2010, the complementary family allowance and single parent allowance were consolidated into a single family allowance. The income threshold was reduced, and the benefits were made progressive on two income ranges (RON 0-200 and RON 201-370) and increased in terms of amount. In addition, in 2012, the criteria for all means-tested programs were harmonized; in 2014, the asset filter was improved; and in 2017, a single application form for all three means-tested benefits was introduced. In 2016, school conditionality was improved, cutting the benefit for any individual child that does not attend school rather than for all children of the family of any child that does not attend school.
- The Guaranteed Minimum Income (GMI) program was improved by increasing the income thresholds in nominal terms in 2013 and 2014, improving the asset filter in 2014, and conducting several inspection campaigns to cut and deter error, fraud, and corruption. Also, the application process was improved.

Outcomes

- The percentage of social assistance benefits going to the poorest quintiles increased from 35.8% in 2009 to 38.8% in 2016, not achieving the target of a 19% increase. Since the VMI has not yet been implemented, it is questionable to what extent even the observed improvement can be attributed to the project.
- At least 90% of family allowance beneficiaries were paid through the NASBI for two consecutive months according to harmonized means-testing procedures and lower eligibility thresholds, achieving the target of DLI 4.

- At least 90% of CRB beneficiaries entering the program since January 1, 2011 were paid through NASBI for two consecutive months using a lower replacement income of 75%, achieving the target of DLI 5.
- The number of household beneficiaries decreased from 3.4 million to 0.5 million between 2010 and 2017 due to better targeting and error, fraud, and corruption controls. Improvements were also made to targeting. While 27% of beneficiaries of the first quintile were targeted in 2009, this number increased to 64% in 2016. Targeting toward the first decile increased from 12% in 2009 to 45% in 2016.
- The family allowance program improved its targeting accuracy toward the first quintile from 61.1% in 2010 to 77.2% in 2016. Targeting towards the first decile increased from 38% in 2010 to 65% in 2016. Benefits of the program also increased by an average of RON 65 per family in 2010 to RON 144 per family in 2016.
- The average benefit of the GMI program increased from RON 172 in 2010 to RON 262 in 2016. The targeting of the benefit toward the first quintile improved from 82% in 2009 to 96% in 2016. Targeting toward the first decile increased from 66% in 2009 to 89% in 2016.
- The level of the back-to-work bonus was preserved, and the government continued to conduct inspection campaigns in 2016-2017. According to the ICR (p. 10), the positive trend of people opting to enter the labor market sooner continued, and the percentage of CRB beneficiaries increased from five percent in 2010 to 47 percent in 2017.

A key change to improve equity was the implementation of the VMI. However, as noted above, the government decided to delay its implementation until April 2019 due to budget and readiness constraints. Furthermore, another key change expected to improve equity was the reform of the CRB; however, the reforms to this benefit were reversed in 2016. With key elements of equity-related reforms delayed or reversed, the overall achievement of this objective is rated Modest.

Rating
Modest

Objective 2 Revision 1
Revised Objective

Putting in place sufficient conditions to improve equity

Revised Rationale

After the restructuring, the ambition of this objective was scaled back to "putting in place sufficient conditions for improved equity of the system." The restructuring paper defined three conditions for improved equity: i) eligibility criteria to trigger improved targeting of benefits, more generous benefits, and less exclusion error; ii) a significantly larger budget compared to the budget in 2015 (to increase the average benefit and expand coverage); and iii) improved implementation arrangements.

- To increase the pro-poor budget allocation, the MoLFSP allocated funds for the VMI program in 2018 and 2019, amounting to at least RON 2.1 billion and RON 2.4 billion respectively in the Budgetary and Fiscal Strategy 2017-2019, achieving DLI 7a.
- However, the legislation for a consolidated VMI program was not enacted. Also, an improved targeting formula and increased average benefits were not provided, not achieving the target. As a result, conditions to improve equity were not put in place, resulting in a rating of Modest for this revised objective.

Revised Rating
Modest

Objective 3
Objective

Improving administrative efficiency

Rationale

Outputs

- Harmonized means-testing procedures for the GMI, family allowance, and heating benefits were disseminated, achieving the target of the DLI 8.
- At least 90% of new applications for programs for low-income households and family policy programs complied with one-application operational guidelines (in the month preceding the verification survey), achieving the target of DLI 11a.
- Harmonized disability medical assessment criteria were not disseminated, not achieving the target of DLI 9.
- NASBI carried out at least one thematic inspection campaign for the invalidity pension, achieving the target of DLI 10a.

Outcomes

- Between 2012 and 2017, total operational expenses as a share of the total service assistance budget decreased by 6%, even while the operational responsibilities of NASBI increased given the addition of the social inspectorate and other functions.

- The ICR (p. 12) estimated that NASBI should have had 530 employees in 2017 for the administrative activities covered by the project. At the time the ICR was written, NASBI had 436 employees, approximately 22% less than the increase in the number of beneficiaries.

According to the ICR (p. 11), the two main indicators to measure improvement in administrative efficiency were administrative costs and client participation costs for means-tested programs, both of which were to be reduced by 15% from the baseline values. Because the planned survey to measure reduction in administrative and client costs was never implemented, these DLIs were cancelled in the final restructuring. Due to lack of data on the main indicators specified in the results framework, achievement of this objective is rated Modest.

Rating
Modest

Objective 4
Objective

Reducing error and fraud

Rationale

Outputs:

- To improve prevention of error and fraud in earnings-related benefits, NASBI issued guidelines on the use of private information on formal incomes, compliant with the data privacy law in force. NASBI also verified the self-declared incomes of applicant families or households with monthly formal income data from the National Agency for Fiscal Administration (ANAF) before issuing payments for at least 90% of new applicants for two consecutive months, achieving the target of DLI 11b.
- At least one thematic inspection campaign was carried out for each of the following programs: GMI, disability benefits, family allowance, heating, and child raising benefits, achieving the target of DLI 13.
- A remedial action plan was adopted by NASBI to address the recommendations of: i) an independent evaluation of the completeness and accuracy of data from the Integrated Information System for Administration of Social Benefits (SAFIR); and ii) a feasibility study of SAFIR data crosscheck with other databases, achieving the target of the DLI 14.
- At least 90% of GMI beneficiaries were paid through NASBI for two consecutive months, achieving the target of DLI 15.

- A central registry with a national database of disabled persons was put in place, achieving the target of DLI 16.
- NASBI revised and implemented a comprehensive referral system for social inspection and carried out one round of inspections using the new referral system, achieving the target of DLI 17a.
- NASBI carried out a round of inspections using a uniform sanction policy for social assistance benefits and new inspection powers, achieving the targets of DLIs 17b and 17c.
- NASBI undertook data matching, covering a period of three months, between SAFIR records relating to CRB, GMI, family allowance, and State Child Allowance (SCA) programs and relevant identity and income information derived from databases managed by the National Public Pension House, the National Employment Agency, ANAF, and national population records. Lists of detected irregularities by program were sent to the Social Inspection Department of the Ministry of Labor for verification and remedial action, achieving the target of DLI 18.
- Risk-based investigations to detect error and fraud were used by the NASBI for low-income household, child, and disability benefits, achieving the target of DLI 19.

Outcomes

- Between 2015 and 2017, the debt recovery rate for incorrectly paid social assistance benefits increased from 18.1% to 36.1% for overpayments identified in the current fiscal year, and from 58% to 86% for overpayments identified for the previous fiscal year. According to the Bank team (October 2, 2018) this indicator did not refer to a specific year, but measured current fiscal year debt recovery and previous fiscal year debt recovery for any given year.
- The latest Courts of Accounts report showed that 74% of errors were solved directly by NASBI staff. The ICR (p. 13) argued that this increased capacity can be attributed to the project, as NASBI did not have these skills or tools before the project was implemented.

Rating
Substantial

Objective 4 Revision 1
Revised Objective

Building systems that contribute to reducing error and fraud

Revised Rationale

The activities that resulted in reduced error and fraud were the same activities intended to build systems that contributed to reducing error and fraud.

Revised Rating
Substantial

Rationale

Overall, Efficacy was Modest.

Overall Efficacy Rating	**Primary reason**
Modest	Low achievement

5. Efficiency

Economic Efficiency:

The PAD (p. 32) did not conduct a traditional economic analysis but instead focused its analysis on quantifying the expected impacts of strengthening the safety net system on poverty, targeting accuracy, coverage of the poor, benefit generosity, fiscal savings, and the labor market impact. The reforms to be implemented under the project were expected to result in significant fiscal savings. The share of social assistance spending in GDP was projected to decrease from 2.9% in 2010 to 2.1% by 2013, an average annual reduction of 0.8 percentage points during the project's lifetime.

According to the ICR (p. 15), the benefit-cost ratio for the social assistance system improved between 2009 and 2016 from 0.49 for all social assistance using pre-transfer incomes to 0.50 in 2016, which was unlikely to have been a statistically significant change. Also, the total cost-transfer ratio (TCTR) was reduced from 0.71 in 2012 to 0.67 in 2017. The ICR compared Romania's TCTR to Mexico (1.05) and Kenya (1.34), indicating that Romania's was relatively low. However, the ICR (p. 15) also stated that a low TCTR did not necessarily mean that the social system's efficiency has improved: the largest social assistance program, the State Child Allowance, was not targeted, and administration costs for universal benefits were relatively low, naturally resulting in a low TCTR.

Administrative Efficiency:

Project preparation took almost two years, as it was the first DLI-based project in the country's social sector. However, the project experienced several implementation delays due to political changes in the country, and the project's original implementation period of three years was extended twice to over six and a half years. The Project Management Unit lacked sufficient capacity, resulting in extended delays in procurement with most of the planned technical assistance activities not being procured. Also, despite the project's extension, only 66% of the loan was disbursed.

Efficiency Rating
Modest

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 ☐Not Applicable
ICR Estimate		0	0 ☐Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

The project's objectives were substantially relevant to country conditions, government strategy, and Bank strategy. Overall efficacy under both the original and revised objectives was Modest. The project substantially contributed to building systems to reduce error and fraud, and to actual reduction in error and fraud. However, the objectives to improve performance management, both put in place sufficient conditions to improve equity and actual improvements in equity, and improve administrative efficiency were only Modestly achieved. Efficiency is rated Modest due to inconclusive results from the economic analysis and evidence of low administrative efficiency (delays and incomplete disbursement of the loan). These ratings indicate significant shortcomings in the project's preparation and implementation, leading to an Outcome rating of Moderately Unsatisfactory.

a. **Outcome Rating**
Moderately Unsatisfactory

7. Risk to Development Outcome

According to the ICR (p. 24), the sustainability of outcomes achieved in terms of improving administrative efficiency is supported by the ongoing implementation of a project by the European Union that aims to continue reducing administrative costs for social assistance benefits. The government is currently developing an upgraded information technology system to be implemented by January 2019, intended to allow for better monitoring of error, fraud, and corruption. However, even though critical aspects of performance management have been implemented, a comprehensive performance management system has not been established within the MoLFSP. Furthermore, it is unclear whether such a system will be established, posing a risk to the key elements that have already been implemented. The risk to improving equity is dependent on the implementation of the VMI, which has been postponed since 2016 and is currently scheduled for 2019, pending passage of the necessary legislation and an approved budget.

8. Assessment of Bank Performance

a. Quality-at-Entry

The objective of the project was relevant and supported the government's Social Assistance Reform Strategy. According to the ICR (p. 22), the Bank team consisted of social protection experts who provided substantive support during the design stage. The project design was supported by substantial technical assistance activities such as a functional review of the country's public administration, as well as support for the preparation of regulations for improved equity. The Bank team was also able to obtain Trust Funds to support the design and implementation of the parametric and disability reforms. According to the ICR (p. 22), the project design gave the government full ownership by linking the DLIs to the government's reform strategy.

The Bank team identified relevant risk factors. These risks included political and/or public opposition resulting in programs, as outlined in the Social Assistance Reform Strategy, being delayed, diluted, or discontinued. Also, limited policy and implementation capacity, error and fraud that undermined trust in the social assistance system, a slow learning curve related to results-based financing, and resistance to social reform were identified as key risks. According to the ICR (p. 18), the Bank team tried to mitigate these risks by developing a public communication campaign and providing technical assistance. According to the ICR (p. 20), several of the risk mitigating activities, such as conducting a communications campaign and providing sufficient staff to MoLFSP and the Project Management Unit, were never implemented due to government resistance, resulting in significant implementation delays.

There were additional shortcomings. Project design was overly complex and did not provide sufficient flexibility in the event of implementation changes. While project design planned for the use of existing government structures, sufficient capacity strengthening activities were not included to make these structures effective. The project's results framework had key shortcomings (see Section 9a). The ICR (p. 23) stated that the project's economic analysis was sound, but overly ambitious, and did not take into account several outside factors that would impact implementation.

Quality-at-Entry Rating
Moderately Satisfactory

b. Quality of supervision

According to the ICR (p. 23), the Bank conducted regular supervision missions and supported the project through the Country Management Unit. The Bank team restructured the project three times to modify the results framework and adapt the project to changing circumstances. During the two years when the project stood still (2014-2016) with zero disbursement due to insufficient political commitment, the Bank team developed an implementation plan and conducted frequent supervision missions to move implementation forward. Also, the Bank team added a technical assistance component to strengthen capacity. The ICR (p. 23) stated that when the parliament tried to reverse the increase in replacement income from 75% back to the original 85%, the Bank worked with the minister to avoid this reversal. According to the ICR (p. 23) the Bank's performance reporting was candid and of high quality.

The ICR (p. 23) stated that the Bank team conducted procurement reviews, regularly tracked audits and financial reports, and provided continuous support to the Project Management Unit. However, these activities were not sufficient, and the project faced procurement challenges resulting in significant delays throughout implementation.

Quality of Supervision Rating
Moderately Satisfactory

Overall Bank Performance Rating
Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The theory of change and the specified relationship between project activities and intended outcomes were adequate and reflected in the results framework. The ICR (p. 20) stated that most indicators were taken from the government's Social Assistance Reform Strategy. Government administrative systems were to be used to measure the indicators at a central level. However, the results framework was overly complicated, with many indicators lacking baselines and definitions, and emphasis on measuring outputs rather than outcomes, not encompassing all outcomes of the PDO. The ICR (p. 22) stated that many of the DLIs were non-scalable, lacked targets, involved many steps, and had overly complex verification protocols.

b. M&E Implementation

According to the ICR (p. 20), administrative data was used to track key indicators. The ICR (p. 21) stated that planned baseline and monitoring data collection was never conducted. When data was available, it was reported in implementation and supervision reports. During project restructurings, the Bank team revised definitions of indicators and corrected baseline data. The ICR (p. 21) stated that a planned multiple-round process evaluation of administrative cost savings due to the reform was not conducted. Key DLIs intended to measure improvements in administrative efficiency (the project's third objective) were cancelled late in the project period, presenting challenges for assessing achievement of that objective.

c. M&E Utilization

According to the ICR (p. 21), tracking of DLIs was used to inform decision making and identify implementation bottlenecks. However, the ICR stated that the results framework itself was not used to shift implementation direction. Court of Accounts audits tracked various performance indicators, used to suggest changes to the social assistance system and track the implementation of those changes. In addition, administrative and household survey data was used to conduct ex-ante and ex-post error, fraud, and corruption analyses, and to inform the design of the VMI and CRB programs.

M&E Quality Rating

Modest

10. Other Issues

a. Safeguards

The project was classified as category C and did not trigger any of the Bank’s safeguard policies.

b. Fiduciary Compliance

Procurement:

The project experienced several procurement issues. The ICR (p. 19) stated that the Project Management Unit lacked staff and capacity, resulting in failure to implement the technical assistance component for which it had responsibility. Staff salaries were reduced during project implementation, resulting in more delays in implementing the procurement plan and challenges in hiring qualified consultants. While the project was able to hire a procurement specialist in 2017, there was not sufficient time to improve performance before the project’s closing date. Throughout project implementation, the procurement risk was rated High or

Substantial. According to the Bank team (October 2, 2018), the Bank's procurement specialist provided guidance to the Project Management Unit on a daily basis through frequent email and phone communications. However, from January 2016 until project closing, procurement was rated Moderately Unsatisfactory.

Financial Management:

According to the ICR (p. 19), the project experienced several financial management challenges including frequent institutional changes, lengthy approval processes, limited capacity within the Project Management Unit, and low quality of quarterly financial reports (which were submitted with substantial delays). The ICR (p. 19) stated that the Court of Account's state auditors found that the social assistance system was functional, but several areas needed improvement to better mitigate fiduciary risks. These areas included: i) the SAFIR system and its technical capacity for more reliable monitoring and reporting; ii) the scope and resources allocated to controls, social inspection, and internal audit to prevent ineligible payments; and iii) design and costs of the payment mechanisms. The ICR (p. 22) stated that in June 2016, financial management performance was downgraded to Moderately Satisfactory due to delays in submitting quarterly Eligible Expenditure Program budget execution reports, and lack of sufficient staff at the Project Management Unit.

c. Unintended impacts (Positive or Negative)

None reported.

d. Other

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11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Unsatisfactory	Moderately Unsatisfactory	---
Bank Performance	Moderately Satisfactory	Moderately Satisfactory	---
Quality of M&E	Substantial	Modest	The results framework's indicators were not sufficiently outcome-oriented, some of them lacked proper definition and baselines, and they did not measure completely all of the project's objectives. The

		two key indicators to measure achievement of the administrative efficiency objective were cancelled late in the project period, creating challenges for assessing achievement of that objective.
Quality of ICR	Substantial	---

12. Lessons

The ICR (pp. 24-26) provided several useful lessons learned, including:

Government commitment and enabling legislation is critical for successful project implementation. This project was negatively impacted by frequent political changes and challenges, such as the MoLFSP having ten different ministers and nine different state secretaries from five different political parties. Also, legislation and ministerial orders necessary to achieve the project's objectives were delayed or never passed.

It is critical for DLI-based projects that funds flow directly to those who are accountable for the achievement of implementation results. In this project the funds went to the Ministry of Finance, which maintained the same operational budget for NASBI, independent of the achievement of the DLIs. Using this results-based project to provide NASBI with a bonus if DLIs were being achieved could have provided additional incentives.

Keeping the design of results based financing projects simple and narrowing it to a specific program rather than the overall reform of the social sector allows for easier modification of project design during implementation, should that prove necessary. This project's design was overly complex and included the entire social assistance sector, making the management of the project challenging. Also, the design included DLIs that were defined in detail, in terms of which steps needed to be taken to achieve planned outcomes. This made corrections or modifying steps to achieve the objectives challenging.

Innovations in Bank operations can be costly, and therefore it is critical that there is space for learning from implementation experience. This project was the Bank's first results-based financing project in the region and sector, and while the project faced several challenges it also provides many lessons learned on how to better design and implement DLI-based operations.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR provided a solid overview of project preparation and implementation. It was concise and sufficiently critical. Furthermore, the ICR conducted a strong assessment of the risk to each individual objective in the risk to development outcome section, included evidence outside the formal results framework for assessing achievement, and provided an unusual degree of clarity on the project's results and implementation roadblocks. The ICR included useful and interesting lessons based on the project's implementation experience that should prove relevant for similar Bank projects in this thematic area.

a. Quality of ICR Rating

Substantial